OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE SAN FERNANDO REDEVELOPMENT AGENCY

MEMORANDUM

TO: Chairperson Judith N. Frank and Oversight Board Members

FROM: Fred Ramirez, Interim Executive Director/Interim City Manager

By: Rafaela T. King, Interim Finance Director

Rick R. Olivarez, City Attorney

DATE: February 13, 2014

SUBJECT: Consideration to Adopt Resolution No. 13 Approving an Interim Loan Agreement

Between the City and the Successor Agency

RECOMMENDATION:

It is recommended that the Oversight Board to the Successor Agency to the San Fernando Redevelopment Agency adopt Resolution No. 13 (Attachment "A") approving the Interim Loan Agreement (Exhibit "A" – City Contract No. 1733) between the City and the Successor Agency.

BACKGROUND:

The Redevelopment Dissolution process has produced a number of surprises, and cities and their successor agencies have been confronted with a number of challenges with respect to the maintenance of payments of various obligations incurred by the former redevelopment agencies, in face of decisions by the State Department of Finance (DOF), which reduce the amount of Redevelopment Property Tax Trust Funds (RPTTF) that are allocated to successor agencies to pay these obligations.

The State Legislature has provided a mechanism to address some of these surprises, at least in a limited fashion. Health and Safety Code Section 34173(h) provides authorization for the City to loan funds to the Successor Agency to pay for administrative costs, enforceable obligations, or project-related expenses, at the discretion of the City. These types of loans shall be reflected on the obligation payment schedule of the Successor Agency, which is subject to the approval of the Oversight Board for the Successor Agency. Such loans are referred to as "emergency loans" and sometimes referred to as "interim loans." In either case, the loan proceeds are used to meet short-term cash flow needs of the Successor Agency.

In the case of the City of San Fernando Successor Agency, a cash flow problem has been created because DOF has insisted that the City of San Fernando Retirement Tax Override amount for

Consideration to Adopt Resolution No. 13 Approving an Interim Loan Agreement Between the City and the Successor Agency
Page 2

Project Area No. 4 needs to be allocated to the RPTTF fund, and <u>not</u> distributed directly to the City of San Fernando Retirement Tax Override Fund as approved by the voters. The Successor Agency believes that it is illegal for the Successor Agency to use City of San Fernando Retirement Tax Override Funds for Project Area No. 4 to pay for any obligation of the Successor Agency. This matter is subject to litigation as offered under the Redevelopment Dissolution process. However, until such time as the matter is resolved in the pending litigation process, the illegal application of City of San Fernando Retirement Tax Override Funds continues, and the Successor Agency and the City still need to account for and preserve the rights and claims of each of them with respect to these special tax funds (namely the San Fernando Retirement Tax Override).

Accordingly, the attached Interim Loan Agreement (Exhibit "A" – City Contract No. 1733; Attachment "A") has been prepared for the City and the Successor Agency whereby the City will acknowledge a temporary loan in the amount of \$82,058, which is equal to the amount of the San Fernando Retirement Tax Override that has been illegally diverted to Redevelopment Project Area No. 4 as RPTTF funds for the July 1, 2014-December 31, 2014 period.

The proposed Interim Loan will be a book entry type loan in other words, funds will be advanced by the City to the Successor Agency, which the Successor Agency will, in turn, use to reimburse the City for the precise amount of the tax override that has been illegally diverted to Redevelopment Project Area No. 4.

Subject to approval by the Oversight Board, this Interim Loan will be repaid by the allocation of RPTTF funds in the future or from other funds available to the Successor Agency, including, but not limited to, land sale proceeds.

It is requested that the Interim Loan be approved by the Oversight Board in light of the Successor Agency and the City Council approval under separate resolutions (included herein as Attachments "B" and "C", respectively) on February 3, 2014, so that it may be added as an enforceable obligation to ROPS-14-15A. Subject to the Oversight Board's approval of the Interim Loan Agreement, the interim loan will also be subject to review and approval by DOF. If DOF rejects the Interim Loan as an enforceable obligation, a "meet and confer" process may be initiated by the Successor Agency with DOF.

It is important to emphasize that the obligation of the Successor Agency to properly account for any retirement funds of the City of San Fernando Retirement Tax Override funds it receives cannot simply be waived or discharged by DOF. Furthermore, the rejection by DOF of retirement fund tax amounts as enforceable obligations for Redevelopment Project Area No. 4, in prior ROPS cycles, does <u>not</u> include retirement tax override funds for the period July 1, 2014-December 31, 2014. The obligation of the Successor Agency to return the Redevelopment Project Area No. 4 retirement tax override funds to the City employee retirement pension fund for the period covered by ROPS-14-15A is a new obligation of the Successor Agency, which has not previously considered by DOF.

Consideration to Adopt Resolution No. 13 Approving an Interim Loan Agreement Between the City and the Successor Agency
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Therefore, it is recommended that the Oversight Board of Successor Agency to the former San Fernando Redevelopment Agency approve Resolution No. 16 approving the Interim Loan Agreement (Exhibit "A" – City Contract No. 1733) between the City of San Fernando and the Successor Agency to the former San Fernando Redevelopment Agency.

ATTACHMENTS:

- A. Resolution No. 13
- B. Successor Agency Resolution No. 60
- C. City Council Resolution No. 7587

RESOLUTION NO. 13

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR **AGENCY** TO SAN **FERNANDO** THE **AUTHORIZING** REDEVELOPMENT **AGENCY** A AGREEMENT BETWEEN THE CITY OF SAN FERNANDO AND THE SUCCESSOR AGENCY TO THE SAN FERNANDO REDEVELOPMENT **AGENCY FOR** REDEVELOPMENT PROJECT AREA NO. 4 (LOAN AGREEMENT NO. 14-15A:1)

WHEREAS, the City of San Fernando (the "City") has exercised its election to serve as the successor agency (the "Successor Agency") to the former San Fernando Redevelopment Agency as set forth under ABX1 26 (Stats 2011-12, 1st Ex. Sess., Chapter 5), as amended (the "State Redevelopment Dissolution Law"); and

WHEREAS, the City authorized the formation and operation of a community redevelopment agency within the territorial jurisdiction of the City pursuant to State law; and

WHEREAS, the former San Fernando Redevelopment Agency undertook the redevelopment of certain areas of the City in reliance upon the provisions of state law and the former San Fernando Redevelopment Agency, including, without limitation, Redevelopment Project Area No. 4, as approved by City Council Ordinance No. 1447, dated July 18, 1994 and the former San Fernando Redevelopment Agency entered into certain contracts, expended public funds, incurred indebtedness and assumed certain obligations and liabilities with third parties in reliance upon applicable State and Federal law in order to eliminate and prevent the spread of blight and to enhance and preserve the supply of affordable housing within the City of San Fernando; and

WHEREAS, the State of California (the "State") has ordered the former San Fernando Redevelopment Agency to be dissolved under the provisions of ABX1 26 (Stats 2011-12, 1st Ex. Sess., Chapter 5), as amended by AB 1484 (Stats 2012, Chapter 26), and collectively the State legislation identified in this sentence is referred to herein as the "State Redevelopment Dissolution Law"; and

WHEREAS, the City as Successor Agency to the former San Fernando Redevelopment Agency has initiated the implementation of the State Redevelopment Dissolution Law including the repayment of existing obligations, the marshaling of cash assets, non-cash assets and liabilities and the preparation of land assets for disposition and sale to third parties (including without limitation so-call "Land Held for Resale") of the former San Fernando Redevelopment Agency subject to the payment of enforceable obligations of the former San Fernando Redevelopment Agency under applicable State and Federal law, and such implementation of the State Redevelopment Dissolution Law has included, the preparation and submission to the State by the Successor Agency of a recognized obligation payment schedule for the period of July 1,

2014 to December 31, 2015, (San Fernando ROPS-14-15A) as provided under Health and Safety Code Section 34177; and

WHEREAS, the Successor Agency has informed the Oversight Board for the former San Fernando Redevelopment Agency that the amount of funds remitted to the Successor Agency from the Redevelopment Property Tax Trust Fund for the former San Fernando Redevelopment Agency, for the period of time corresponding with ROPS-14-15A, together with the cash and other immediately available funds on deposit in the Retirement Tax Override Fund of the Successor Agency as of July 1, 2014, after deducting all previous payments of principal and interest on the bonded indebtedness identified in San Fernando ROPS-14-15A for the period of time preceding San Fernando ROPS-14-15A, is not presently estimated to be sufficient to pay the enforceable obligations of the former San Fernando Redevelopment Agency to third parties, corresponding to Redevelopment Project Area No. 4, which are otherwise due and payable during the period of time covered by San Fernando ROPS-14-15A; and

WHEREAS, as used herein, the term "San Fernando ROPS-14-15A" means and refers to the draft document entitled "San Fernando ROPS-14-15A", as presented to the governing body of the Successor Agency and the City Council, at the joint public meeting of the Successor Agency and the City Council at which this Loan Agreement has been approved by the Successor Agency and the City. The final form of San Fernando ROPS-14-15A is subject to such changes and edits as may be recommended by the staff of the Successor Agency and approved by the Oversight Board for the former San Fernando Redevelopment Agency as set forth under the State Redevelopment Dissolution Law; and

WHEREAS, Health and Safety Code Section 34173(h) provides authorization for the City to loan funds to the Successor Agency to pay for administrative costs, enforceable obligations, or project-related expenses, at the discretion of the City, and that such a loan shall be reflected on the recognized obligation payment schedule of the Successor Agency, which is subject to the approval of the Oversight Board for the Successor Agency; and

WHEREAS, Health and Safety Code Section 34180(h) requires the Successor Agency to obtain the approval of the Oversight Board for the former San Fernando Redevelopment Agency in order for the Successor Agency to enter into an agreement with the City, and the Successor Agency has requested the Oversight Board to approve the Loan Agreement as described below in Section 1 of this Resolution; and

WHEREAS, the City and the Successor Agency have both informed the Oversight Board for the former San Fernando Redevelopment Agency that it is necessary and appropriate to enter into the Loan Agreement as described below, in order that the City and the Successor Agency may comply with the State Redevelopment Dissolution Law and fund the cost of the redevelopment dissolution activity identified in the Loan Agreement as hereby approved by the Oversight Board for the former San Fernando Redevelopment Agency.

NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE SAN FERNANDO REDEVELOPMENT AGENCY DOES HEREBY RESOLVE, FIND, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. The Oversight Board for the former San Fernando Redevelopment Agency, hereby approves the Loan Agreement by and between the City and the Successor Agency in the form attached to this Resolution as Exhibit "A". The Loan in the maximum principal amount not-to-exceed Eighty Two Thousand Fifty Eight Dollars (\$82,058) as hereby approved shall be used and applied by the Successor Agency solely for the purpose set forth in Section 2 and Section 3 of the Loan Agreement.

SECTION 2. The Loan Agreement as hereby approved by the Oversight Board shall take effect five (5) business days after the written notice and information as relates to the Loan Agreement and this approving Resolution of the Oversight Board has been given to the State Department of Finance as provided in Health and Safety Code Section 34179(h). For the purposes of any review of this Resolution as may hereafter be requested by the State Department of Finance, the Oversight Board hereby designates the following official to whom the department may make that request.

[Designated Official]

Federico Ramirez Interim City Manager City of San Fernando (626) 580-2001

Email: framirez@ci-sanfernando.ca.us

with copy to:

Rafaela King Interim Finance Director City of San Fernando (626) 580-2001

Email: rking@ci-sanfernando.ca.us

SECTION 3. This Resolution shall take effect upon adoption. The Chair of the Oversight Board shall certify to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 13th day of February, 2014.

Federico Ramirez, Vice-Chairperson

ATTEST:		
Tanya Ruiz, Deputy Clerk County of Los Angeles, Board of Su Acting as Secretary to the San Fernando Oversight Board	npervisors	
STATE OF CALIFORNIA COUNTY OF LOS ANGELES CITY OF SAN FERNANDO)) ss)	
I HEREBY CERTIFY that the foregoing Resolution was approved and adopted at a regular meeting of the Oversight Board of the Successor Agency to the San Fernando Redevelopment Agency held on the 13 th day of February, 2014, by the following vote to wit:		
AYES:		
NOES:		
ABSENT:		

Tanya Ruiz, Deputy Clerk County of Los Angeles, Board of Supervisors Acting as Secretary to the San Fernando Oversight Board 2014

CITY OF SAN FERNANDO

-and-

CITY OF SAN FERNANDO AS SUCCESSOR AGENCY TO THE FORMER SAN FERNANDO REDEVELOPMENT AGENCY

SUCCESSOR AGENCY LOAN AGREEMENT NO. 14-15A:1

(NOT TO EXCEED: \$82,058)

THIS SUCCESSOR AGENCY LOAN AGREEMENT NO. 14-15A:1): ROPS-14-15A (the "Loan Agreement") is dated as of February 3, 2014 by and between the City of San Fernando, a municipal corporation (the "City") and the City of San Fernando, as successor agency to the former San Fernando Redevelopment Agency, a public body corporate and politic (the "Successor Agency") and is entered into in light of the following facts:

-RECITALS-

- 1. The City authorized the formation and operation of a redevelopment agency within the territorial jurisdiction of the City pursuant to state law.
- 2. The former San Fernando Redevelopment Agency undertook the redevelopment of certain areas of the City in reliance upon the provisions of state law and the former San Fernando Redevelopment Agency, including, without limitation, Redevelopment Project Area No. 4, as approved by City Council Ordinance No. 1447, dated July 18, 1994 and the former San Fernando Redevelopment Agency entered into certain contracts, expended public funds, incurred indebtedness and assumed certain obligations and liabilities with third parties in reliance upon applicable State and federal law in order to eliminate and prevent the spread of blight and to enhance and preserve the supply of affordable housing within the City of San Fernando.
- 3. The State of California (the "State") has ordered the former San Fernando Redevelopment Agency to be dissolved under the provisions of ABX1 26 (Stats 2011-12, 1st Ex. Sess., Chapter 5), as amended by AB 1484 (Stats 2012, Chapter 26), and collectively the State legislation identified in this sentence is referred to herein as the "State Redevelopment Dissolution Law."
- 4. The City as Successor Agency to the former San Fernando Redevelopment Agency has initiated the implementation of the State Redevelopment Dissolution Law including the repayment of existing obligations, the marshaling of cash assets, non-

cash assets and liabilities and the preparation of land assets for disposition and sale to third parties (including without limitation so-call "Land Held for Resale") of the former San Fernando Redevelopment Agency subject to the payment of enforceable obligations of the former San Fernando Redevelopment Agency under applicable State and federal law, and such implementation of the State Redevelopment Dissolution Law has included, the preparation and submission to the State by the Successor Agency of a recognized obligation payment schedule for the period of July 1, 2014 to December 31, 2015, (San Fernando ROPS-14-15A) as provided under Health and Safety Code Section 34177.

- 5. The Successor Agency has determined that the amount of funds remitted to the Successor Agency from the Redevelopment Property Tax Trust Fund for the former San Fernando Redevelopment Agency, for the period of time corresponding with ROPS-14-15A, together with the cash and other immediately available funds on deposit in the Redevelopment Obligation Retirement Fund of the Successor Agency as of July 1, 2014, after deducting all previous payments of principal and interest on the bonded indebtedness identified in San Fernando ROPS-14-15A for the period of time preceding San Fernando ROPS-14-15A, is not presently estimated to be sufficient to pay the enforceable obligations of the former San Fernando Redevelopment Agency to third parties, corresponding to Redevelopment Project Area No. 4, which are otherwise due and payable during the period of time covered by San Fernando ROPS-14-15A.
- 6. As used herein, the term "San Fernando ROPS-14-15A" means and refers to the draft document entitled "San Fernando ROPS-14-15A", as presented to the governing body of the Successor Agency and the City Council, at the joint public meeting of the Successor Agency and the City Council at which this Loan Agreement has been approved by the Successor Agency and the City. The final form of San Fernando ROPS-14-15A is subject to such changes and edits as may be recommended by the staff of the Successor Agency and approved by the Oversight Board for the former San Fernando Redevelopment Agency as set forth under the State Redevelopment Dissolution Law.
- 7. Health and Safety Code Section 34173(h) provides authorization for the City to loan funds to the Successor Agency to pay for administrative costs, enforceable obligations, or project-related expenses, at the discretion of the City, and that such a loan shall be reflected on the recognized obligation payment schedule of the Successor Agency, which is subject to the approval of the Oversight Board for the Successor Agency.
- 8. The City and the Successor Agency have both determined that it is necessary and appropriate to enter into the Loan Agreement, as herein provided below, in order that the City and the Successor Agency may comply with the State Redevelopment Dissolution Law and fund the enforceable obligation, with respect to Redevelopment Project Area No. 4 as required hereunder.

FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS AND AGREEMENTS HEREINAFTER SET FORTH, THE CITY AND SUCCESSOR AGENCY AGREE AS FOLLOWS:

SECTION 1. Recitals. The City and Successor Agency represent and warrant to each other that the information set forth in the preceding recital paragraphs is true and correct and is hereby incorporated into this Loan Agreement by reference as if fully set forth. The City and the Successor Agency each acknowledge receipt from the staff of the Successor Agency a draft document entitled "ROPS-14-15A." The purpose of this Loan Agreement is to satisfy the provisions of Health and Safety Code Section 34173(h) and to evidence the enforceable obligation of the Successor Agency which arises in favor of the City, in order for the Successor Agency to comply with its obligations under the State Law to (i) use and apply the proceeds of the Retirement Fund of the City of San Fernando Retirement Tax Override as remitted to the Successor Agency by the Los Angeles County Auditor-Controller in a lawful manner and (ii) comply with the State Redevelopment Dissolution Law and other applicable State and federal law.

SECTION 2. Loan. The City hereby agrees to make available from the available funds of the City as loan to the Successor Agency Loan") a sum not-to-exceed \$82,058 to be used by the Successor Agency solely as set forth in Section 3. Subject to the approval of this Loan Agreement by the Oversight Board, the City shall make the proceeds of the Loan available to the Successor Agency upon receipt of a written Loan Draw Request, executed by the Executive Director of the Successor Agency which references Section 3 and Section 4 of this Resolution, in light of the fact that the tax revenues allocated to the Redevelopment Project Area No. 4 expressly excludes any sums derived form the Retirement Fund of the City of San Fernando Retirement Tax Override.

SECTION 3. Use of the Loan. The Successor Agency shall utilize the proceeds of the Loan as follows:

To reimburse the Retirement Fund of the City of San Fernando Retirement Tax Override amount as unlawfully allocated to the Successor Agency by the Los Angeles County Auditor Controller between January 2, 2014 and June 30, 2014 for Redevelopment Property Area No. 4.

SECTION 4. Source of Repayment of the Loan: Limited Subordination.

- (A) Except as provided in paragraph (B), the Loan shall be repaid by the Successor Agency to the City on par with any other enforceable obligation of the Successor Agency falling within Health and Safety Code Section 34183(a)(2)(C) (indebtedness not qualifying as tax allocation bonds and certain revenue bonds).
- (B) The City hereby agrees to defer repayment on the Loan during a six (6) month period covered by one or more recognized obligation payment schedules as may be approved by the Oversight Board any time after the date of approval of this Loan Agreement by the City, to the extent that repayment of the outstanding

principal balance of the Loan, in whole or in part, in that period would leave insufficient funds available to the Successor Agency to satisfy other enforceable obligations covered by Health and Safety Code Section 34183(a)(2)(C) which: (1) are due in that six (6) month period; and (2) were in existence prior to the date of this Loan Agreement.

(C) Unless legally prohibited by law or waived by the City, any portion of the unpaid principal balance of the Loan shall also be repaid by the Successor Agency from other revenues available to the Successor Agency, such as from the cash proceeds of the disposition of land held for resale to third persons, net of the actual and reasonable expenses of such disposition of land held for resale to third persons. Payments of the Loan, if any, under this paragraph (C) shall augment and supplement the required payments described in paragraph (A), subject to the payment deferral and subordination provisions of paragraph (B).

SECTION 5. Placement of Loan Obligation on the Successor Agency's ROPS-14-15A (July 1, 2014 – December 31, 2014). Provided that this Loan Agreement is approved, the Successor Agency shall prepare and approve ROPS-14-15A which includes the Loan Agreement as a listed enforceable obligation on the ROPS-14-15A. The amount of that listed obligation shall be the not-to-exceed Loan Amount as set forth in Section 2. This Loan Agreement shall be included on each successive recognized obligation payment schedule for the Successor Agency for the former San Fernando Redevelopment Agency, until the City is repaid the principal balance of the Loan Amount as actually drawn by the Successor Agency as evidenced by the written Loan Draw Requests as set forth in Section 2. The City Manager of the City shall establish a loan repayment ledger for the Loan and shall cause the outstanding unpaid principal balance of the Loan to the Successor Agency, as hereby approved, to be identified in the accounting records of the City, as a financial asset of the City which is payable to the City by the Successor Agency, in accordance with the terms set forth herein.

SECTION 6. Term. This Loan Agreement shall be in full force and effect from the date hereof until such time as the unpaid principal balance of the Loan has been repaid in full to the City.

SECTION 7. Entire Agreement. This Loan Agreement constitutes the entire agreement by and between the City and the Successor Agency with respect to the subject matter of this Loan Agreement, and may be amended only in writing.

SECTION 8. Notice of Default and Remedies. In the event of a default, the party who alleges a default shall give the other party thirty (30) days written notice of such default, with a copy of such notice of default to the Oversight Board and to the State Department of Finance. In the event that the party who is alleged to be in default does not promptly initiate a cure of the alleged default, and the applicable party hereto shall be entitled to pursue any and all remedies available under California law for purposes of enforcing the terms and conditions of this Loan Agreement.

APPROVED AND EXECUTED by signature of the authorized representatives of the City and the Successor Agency as of February 3, 2014.

[City of San Fernando and Successor Agency Lo \$82,058 (ROPS-14-15A: July 1, 2014 – Decemb	
	CITY:
	City of San Fernando, a municipal corporation
	By: Interim City Manager
ATTEST:	
By: City Clerk	
APPROVED AS TO FORM:	
By: City Attorney	
City Attorney	SUCCESSOR AGENCY:
	City of San Fernando As Successor Agency to the
	former San Fernando Redevelopment Agency, a public body corporate and politic
	By: Interim City Manager
ATTEST:	
By: City Clerk	
APPROVED AS TO FORM:	
By:City Attorney	

RESOLUTION NO. 60

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE SAN FERNANDO REDEVELOPMENT AGENCY APPROVING AN INTERIM LOAN AGREEMENT BETWEEN THE CITY OF SAN FERNANDO AND THE SUCCESSOR AGENCY TO THE SAN FERNANDO REDEVELOPMENT AGENCY

WHEREAS, the City of San Fernando (the "City") has exercised its election to serve as the successor agency (the "Successor Agency") to the former San Fernando Redevelopment Agency as set forth under ABX1 26 (Stats 2011-12, 1st Ex. Sess., Chapter 5), as amended (the "State Redevelopment Dissolution Law"); and

WHEREAS, the City of San Fernando (the "City") authorized the formation and operation of a community redevelopment agency within the territorial jurisdiction of the City pursuant to state law; and

WHEREAS, the former San Fernando Redevelopment Agency undertook the redevelopment of certain areas of the City in reliance upon the provisions of state law and the former San Fernando Redevelopment Agency, including, without limitation, Redevelopment Project Area No. 4, as approved by City Council Ordinance No. 1447, dated July 18, 1994 and the former San Fernando Redevelopment Agency entered into certain contracts, expended public funds, incurred indebtedness and assumed certain obligations and liabilities with third parties in reliance upon applicable State and federal law in order to eliminate and prevent the spread of blight and to enhance and preserve the supply of affordable housing within the City of San Fernando; and

WHEREAS, the State of California (the "State") has ordered the former San Fernando Redevelopment Agency to be dissolved under the provisions of ABX1 26 (Stats 2011-12, 1st Ex. Sess., Chapter 5), as amended by AB 1484 (Stats 2012, Chapter 26), and collectively the State legislation identified in this sentence is referred to herein as the "State Redevelopment Dissolution Law"; and

WHEREAS, the City as Successor Agency to the former San Fernando Redevelopment Agency has initiated the implementation of the State Redevelopment Dissolution Law including the repayment of existing obligations, the marshaling of cash assets, non-cash assets and liabilities and the preparation of land assets for disposition and sale to third parties (including without limitation so-call "Land Held for Resale") of the former San Fernando Redevelopment Agency subject to the payment of enforceable obligations of the former San Fernando Redevelopment Agency under applicable State and federal law, and such implementation of the State Redevelopment Dissolution Law has included, the preparation and submission to the State by the Successor Agency of a recognized obligation payment schedule for the period of July 1, 2014 to December 31, 2015, (San Fernando ROPS-14-15A) as provided under Health and Safety Code Section 34177; and

WHEREAS, the Successor Agency has determined that the amount of funds remitted to the Successor Agency from the Redevelopment Property Tax Trust Fund for the former San Fernando Redevelopment Agency, for the period of time corresponding with ROPS-14-15A, together with the cash and other immediately available funds on deposit in the Redevelopment Obligation Retirement Fund of the Successor Agency as of July 1, 2014, after deducting all previous payments of principal and interest on the bonded indebtedness identified in San Fernando ROPS-14-15A for the period of time preceding San Fernando ROPS-14-15A, is not presently estimated to be sufficient to pay the enforceable obligations of the former San Fernando Redevelopment Agency to third parties, corresponding to Redevelopment Project Area No. 4, which are otherwise due and payable during the period of time covered by San Fernando ROPS-14-15A.

WHEREAS, as used herein, the term "San Fernando ROPS-14-15A" means and refers to the draft document entitled "San Fernando ROPS-14-15A", as presented to the governing body of the Successor Agency and the City Council, at the joint public meeting of the Successor Agency and the City Council at which this Loan Agreement has been approved by the Successor Agency and the City. The final form of San Fernando ROPS-14-15A is subject to such changes and edits as may be recommended by the staff of the Successor Agency and approved by the Oversight Board for the former San Fernando Redevelopment Agency as set forth under the State Redevelopment Dissolution Law; and

WHEREAS, Health and Safety Code Section 34173(h) provides authorization for the City to loan funds to the Successor Agency to pay for administrative costs, enforceable obligations, or project-related expenses, at the discretion of the City, and that such a loan shall be reflected on the recognized obligation payment schedule of the Successor Agency, which is subject to the approval of the Oversight Board for the Successor Agency; and

WHEREAS, the City and the Successor Agency have both determined that it is necessary and appropriate to enter into the Loan Agreement, as herein provided below, in order that the City and the Successor Agency may comply with the State Redevelopment Dissolution Law and fund the enforceable obligation, with respect to Redevelopment Project Area No. 4 as required hereunder.

NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE FORMER SAN FERNANDO REDEVELOPMENT AGENCY DOES HEREBY RESOLVE, FIND, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. Recitals. The Recitals set forth above are true and correct and incorporated herein by reference.

SECTION 2. Approval of Loan Agreement. The governing board of the Successor Agency hereby approves the Loan Agreement (NO. 14-15A:1: ROPS-14-15A) between the City of San Fernando and the Successor Agency to the former San Fernando Redevelopment Agency, attached to this Resolution as Exhibit A. The City Manager is hereby authorized and directed to

cause Loan Agreement No. NO. 14-15A:1 to be included on the recognized payment obligation schedule of the Successor Agency as shall be submitted to the State Department of Finance at the most feasible time after the adoption of this Resolution.

SECTION 3. Execution of Loan Agreement. The Executive Director is hereby authorized and directed to take such other and further action consistent with this Resolution and sign any documents, as necessary, in order to implement this Resolution on behalf of the City.

SECTION 4. This Resolution shall take effect upon adoption. The City Clerk shall

certify to the adoption of this Resolutio	n.
PASSED, APPROVED, AND ADOP	TED this 3 rd day of February, 2014.
ATTEST:	Antonio Lopez, Chair
Elena G. Chávez, Secretary	
STATE OF CALIFORNIA) COUNTY OF LOS ANGELES)	SS

I HEREBY CERTIFY that the foregoing Resolution was approved and adopted at a regular meeting of the Successor Agency to the San Fernando Redevelopment Agency held on the 3rd day of February, 2014, by the following vote to wit:

AYES:

Lopez, Ballin, Gonzales, Fajardo, Avila – 5

NOES:

None

CITY OF SAN FERNANDO)

ABSENT:

None

ABSTAIN: None

Elena G. Chávez, Secretary

2014

CITY OF SAN FERNANDO

-and-

CITY OF SAN FERNANDO AS SUCCESSOR AGENCY TO THE FORMER SAN FERNANDO REDEVELOPMENT AGENCY

SUCCESSOR AGENCY LOAN AGREEMENT NO. 14-15A:1

(NOT TO EXCEED: \$82,058)

THIS SUCCESSOR AGENCY LOAN AGREEMENT NO. 14-15A:1): ROPS-14-15A (the "Loan Agreement") is dated as of February 3, 2014 by and between the City of San Fernando, a municipal corporation (the "City") and the City of San Fernando, as successor agency to the former San Fernando Redevelopment Agency, a public body corporate and politic (the "Successor Agency") and is entered into in light of the following facts:

-RECITALS-

- 1. The City authorized the formation and operation of a redevelopment agency within the territorial jurisdiction of the City pursuant to state law.
- 2. The former San Fernando Redevelopment Agency undertook the redevelopment of certain areas of the City in reliance upon the provisions of state law and the former San Fernando Redevelopment Agency, including, without limitation, Redevelopment Project Area No. 4, as approved by City Council Ordinance No. 1447, dated July 18, 1994 and the former San Fernando Redevelopment Agency entered into certain contracts, expended public funds, incurred indebtedness and assumed certain obligations and liabilities with third parties in reliance upon applicable State and federal law in order to eliminate and prevent the spread of blight and to enhance and preserve the supply of affordable housing within the City of San Fernando.
- 3. The State of California (the "State") has ordered the former San Fernando Redevelopment Agency to be dissolved under the provisions of ABX1 26 (Stats 2011-12, 1st Ex. Sess., Chapter 5), as amended by AB 1484 (Stats 2012, Chapter 26), and collectively the State legislation identified in this sentence is referred to herein as the "State Redevelopment Dissolution Law."
- 4. The City as Successor Agency to the former San Fernando Redevelopment Agency has initiated the implementation of the State Redevelopment Dissolution Law including the repayment of existing obligations, the marshaling of cash assets, non-

cash assets and liabilities and the preparation of land assets for disposition and sale to third parties (including without limitation so-call "Land Held for Resale") of the former San Fernando Redevelopment Agency subject to the payment of enforceable obligations of the former San Fernando Redevelopment Agency under applicable State and federal law, and such implementation of the State Redevelopment Dissolution Law has included, the preparation and submission to the State by the Successor Agency of a recognized obligation payment schedule for the period of July 1, 2014 to December 31, 2015, (San Fernando ROPS-14-15A) as provided under Health and Safety Code Section 34177.

- 5. The Successor Agency has determined that the amount of funds remitted to the Successor Agency from the Redevelopment Property Tax Trust Fund for the former San Fernando Redevelopment Agency, for the period of time corresponding with ROPS-14-15A, together with the cash and other immediately available funds on deposit in the Redevelopment Obligation Retirement Fund of the Successor Agency as of July 1, 2014, after deducting all previous payments of principal and interest on the bonded indebtedness identified in San Fernando ROPS-14-15A for the period of time preceding San Fernando ROPS-14-15A, is not presently estimated to be sufficient to pay the enforceable obligations of the former San Fernando Redevelopment Agency to third parties, corresponding to Redevelopment Project Area No. 4, which are otherwise due and payable during the period of time covered by San Fernando ROPS-14-15A.
- 6. As used herein, the term "San Fernando ROPS-14-15A" means and refers to the draft document entitled "San Fernando ROPS-14-15A", as presented to the governing body of the Successor Agency and the City Council, at the joint public meeting of the Successor Agency and the City Council at which this Loan Agreement has been approved by the Successor Agency and the City. The final form of San Fernando ROPS-14-15A is subject to such changes and edits as may be recommended by the staff of the Successor Agency and approved by the Oversight Board for the former San Fernando Redevelopment Agency as set forth under the State Redevelopment Dissolution Law.
- 7. Health and Safety Code Section 34173(h) provides authorization for the City to loan funds to the Successor Agency to pay for administrative costs, enforceable obligations, or project-related expenses, at the discretion of the City, and that such a loan shall be reflected on the recognized obligation payment schedule of the Successor Agency, which is subject to the approval of the Oversight Board for the Successor Agency.
- 8. The City and the Successor Agency have both determined that it is necessary and appropriate to enter into the Loan Agreement, as herein provided below, in order that the City and the Successor Agency may comply with the State Redevelopment Dissolution Law and fund the enforceable obligation, with respect to Redevelopment Project Area No. 4 as required hereunder.

FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS AND AGREEMENTS HEREINAFTER SET FORTH, THE CITY AND SUCCESSOR AGENCY AGREE AS FOLLOWS:

SECTION 1. Recitals. The City and Successor Agency represent and warrant to each other that the information set forth in the preceding recital paragraphs is true and correct and is hereby incorporated into this Loan Agreement by reference as if fully set forth. The City and the Successor Agency each acknowledge receipt from the staff of the Successor Agency a draft document entitled "ROPS-14-15A." The purpose of this Loan Agreement is to satisfy the provisions of Health and Safety Code Section 34173(h) and to evidence the enforceable obligation of the Successor Agency which arises in favor of the City, in order for the Successor Agency to comply with its obligations under the State Law to (i) use and apply the proceeds of the Retirement Fund of the City of San Fernando Retirement Tax Override as remitted to the Successor Agency by the Los Angeles County Auditor-Controller in a lawful manner and (ii) comply with the State Redevelopment Dissolution Law and other applicable State and federal law.

SECTION 2. Loan. The City hereby agrees to make available from the available funds of the City as a loan to the Successor Agency (herein, the Loan") a sum not-to-exceed \$82,058 to be used by the Successor Agency solely as set forth in Section 3. Subject to the approval of this Loan Agreement by the Oversight Board, the City shall make the proceeds of the Loan available to the Successor Agency upon receipt of a written Loan Draw Request, executed by the Executive Director of the Successor Agency which references Section 3 and Section 4 of this Resolution, in light of the fact that the tax revenues allocated to the Redevelopment Project Area No. 4 expressly excludes any sums derived form the Retirement Fund of the City of San Fernando Retirement Tax Override.

SECTION 3. Use of the Loan. The Successor Agency shall utilize the proceeds of the Loan as follows:

To reimburse the Retirement Fund of the City of San Fernando Retirement Tax Override amount as unlawfully allocated to the Successor Agency by the Los Angeles County Auditor Controller between January 2, 2014 and June 30, 2014 for Redevelopment Property Area No. 4.

SECTION 4. Source of Repayment of the Loan: Limited Subordination.

- (A) Except as provided in paragraph (B), the Loan shall be repaid by the Successor Agency to the City on par with any other enforceable obligation of the Successor Agency falling within Health and Safety Code Section 34183(a)(2)(C) (indebtedness not qualifying as tax allocation bonds and certain revenue bonds).
- (B) The City hereby agrees to defer repayment on the Loan during a six (6) month period covered by one or more recognized obligation payment schedules as may be approved by the Oversight Board any time after the date of approval of this Loan Agreement by the City, to the extent that repayment of the outstanding

principal balance of the Loan, in whole or in part, in that period would leave insufficient funds available to the Successor Agency to satisfy other enforceable obligations covered by Health and Safety Code Section 34183(a)(2)(C) which: (1) are due in that six (6) month period; and (2) were in existence prior to the date of this Loan Agreement.

(C) Unless legally prohibited by law or waived by the City, any portion of the unpaid principal balance of the Loan shall also be repaid by the Successor Agency from other revenues available to the Successor Agency, such as from the cash proceeds of the disposition of land held for resale to third persons, net of the actual and reasonable expenses of such disposition of land held for resale to third persons. Payments of the Loan, if any, under this paragraph (C) shall augment and supplement the required payments described in paragraph (A), subject to the payment deferral and subordination provisions of paragraph (B).

SECTION 5. Placement of Loan Obligation on the Successor Agency's ROPS-14-15A (July 1, 2014 – December 31, 2014). Provided that this Loan Agreement is approved, the Successor Agency shall prepare and approve ROPS-14-15A which includes the Loan Agreement as a listed enforceable obligation on the ROPS-14-15A. The amount of that listed obligation shall be the not-to-exceed Loan Amount as set forth in Section 2. This Loan Agreement shall be included on each successive recognized obligation payment schedule for the Successor Agency for the former San Fernando Redevelopment Agency, until the City is repaid the principal balance of the Loan Amount as actually drawn by the Successor Agency as evidenced by the written Loan Draw Requests as set forth in Section 2. The City Manager of the City shall establish a loan repayment ledger for the Loan and shall cause the outstanding unpaid principal balance of the Loan to the Successor Agency, as hereby approved, to be identified in the accounting records of the City, as a financial asset of the City which is payable to the City by the Successor Agency, in accordance with the terms set forth herein.

SECTION 6. Term. This Loan Agreement shall be in full force and effect from the date hereof until such time as the unpaid principal balance of the Loan has been repaid in full to the City.

SECTION 7. Entire Agreement. This Loan Agreement constitutes the entire agreement by and between the City and the Successor Agency with respect to the subject matter of this Loan Agreement, and may be amended only in writing.

SECTION 8. Notice of Default and Remedies. In the event of a default, the party who alleges a default shall give the other party thirty (30) days written notice of such default, with a copy of such notice of default to the Oversight Board and to the State Department of Finance. In the event that the party who is alleged to be in default does not promptly initiate a cure of the alleged default, and the applicable party hereto shall be entitled to pursue any and all remedies available under California law for purposes of enforcing the terms and conditions of this Loan Agreement.

APPROVED AND EXECUTED by signature of the authorized representatives of the City and the Successor Agency as of February 3, 2014.

[City of San Fernando and Successor Agency Loan Agreement No. 14-15A:1): Not-to-Exceed \$82,058 (ROPS-14-15A: July 1, 2014 – December 31, 2014]

	CITY:
	City of San Fernando, a municipal corporation
	By: Interim City Manager
ATTEST:	
By:	
APPROVED AS TO FORM:	
By:City Attorney	SUCCESSOR AGENCY:
	City of San Fernando As Successor Agency to the former San Fernando Redevelopment Agency, a public body corporate and politic
	By: Interim City Manager
ATTEST:	
By:	
APPROVED AS TO FORM:	
By:City Attorney	

RESOLUTION NO. 7587

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN FERNANDO, CALIFORNIA APPROVING AN INTERIM LOAN AGREEMENT BETWEEN THE CITY OF SAN FERNANDO AND THE SUCCESSOR AGENCY TO THE SAN FERNANDO REDEVELOPMENT AGENCY

WHEREAS, the City of San Fernando (the "City") authorized the formation and operation of a community redevelopment agency within the territorial jurisdiction of the City pursuant to state law; and

WHEREAS, the former San Fernando Redevelopment Agency undertook the redevelopment of certain areas of the City in reliance upon the provisions of state law and the former San Fernando Redevelopment Agency, including, without limitation, Redevelopment Project Area No. 4, as approved by City Council Ordinance No. 1447, dated July 18, 1994 and the former San Fernando Redevelopment Agency entered into certain contracts, expended public funds, incurred indebtedness and assumed certain obligations and liabilities with third parties in reliance upon applicable State and federal law in order to eliminate and prevent the spread of blight and to enhance and preserve the supply of affordable housing within the City of San Fernando; and

WHEREAS, the State of California (the "State") has ordered the former San Fernando Redevelopment Agency to be dissolved under the provisions of ABX1 26 (Stats 2011-12, 1st Ex. Sess., Chapter 5), as amended by AB 1484 (Stats 2012, Chapter 26), and collectively the State legislation identified in this sentence is referred to herein as the "State Redevelopment Dissolution Law"; and

WHEREAS, the City as Successor Agency to the former San Fernando Redevelopment Agency has initiated the implementation of the State Redevelopment Dissolution Law including the repayment of existing obligations, the marshaling of cash assets, non-cash assets and liabilities and the preparation of land assets for disposition and sale to third parties (including without limitation so-call "Land Held for Resale") of the former San Fernando Redevelopment Agency subject to the payment of enforceable obligations of the former San Fernando Redevelopment Agency under applicable State and federal law, and such implementation of the State Redevelopment Dissolution Law has included, the preparation and submission to the State by the Successor Agency of a recognized obligation payment schedule for the period of July 1, 2014 to December 31, 2015, (San Fernando ROPS-14-15A) as provided under Health and Safety Code Section 34177; and

WHEREAS, the Successor Agency has determined that the amount of funds remitted to the Successor Agency from the Redevelopment Property Tax Trust Fund for the former San Fernando Redevelopment Agency, for the period of time corresponding with ROPS-14-15A, together with the cash and other immediately available funds on deposit in the Redevelopment Obligation Retirement Fund of the Successor Agency as of July 1, 2014, after deducting all previous payments of principal and interest on the bonded indebtedness identified in San Fernando ROPS-14-15A for the period of time preceding San Fernando ROPS-14-15A, is not presently estimated to be sufficient to pay the enforceable obligations of the former San Fernando Redevelopment Agency to third parties, corresponding to Redevelopment Project Area No. 4, which are otherwise due and payable during the period of time covered by San Fernando ROPS-14-15A.

WHEREAS, as used herein, the term "San Fernando ROPS-14-15A" means and refers to the draft document entitled "San Fernando ROPS-14-15A", as presented to the governing body of the Successor Agency and the City Council, at the joint public meeting of the Successor Agency and the City Council at which this Loan Agreement has been approved by the Successor Agency and the City. The final form of San Fernando ROPS-14-15A is subject to such changes and edits as may be recommended by the staff of the Successor Agency and approved by the Oversight Board for the former San Fernando Redevelopment Agency as set forth under the State Redevelopment Dissolution Law; and

WHEREAS, Health and Safety Code Section 34173(h) provides authorization for the City to loan funds to the Successor Agency to pay for administrative costs, enforceable obligations, or project-related expenses, at the discretion of the City, and that such a loan shall be reflected on the recognized obligation payment schedule of the Successor Agency, which is subject to the approval of the Oversight Board for the Successor Agency; and

WHEREAS, the City and the Successor Agency have both determined that it is necessary and appropriate to enter into the Loan Agreement, as herein provided below, in order that the City and the Successor Agency may comply with the State Redevelopment Dissolution Law and fund the enforceable obligation, with respect to Redevelopment Project Area No. 4 as required hereunder.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN FERNANDO DOES HEREBY RESOLVE, FIND, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. Recitals. The Recitals set forth above are true and correct and incorporated herein by reference.

SECTION 2. Approval of Loan Agreement. The City Council hereby approves the Loan Agreement (NO. 14-15A:1: ROPS-14-15A) between the City of San Fernando and the Successor Agency to the former San Fernando Redevelopment Agency, attached to this Resolution as Exhibit A. The City Manager is hereby authorized and directed to cause Loan Agreement No. NO. 14-15A:1 to be included on the recognized payment obligation schedule of the Successor Agency as shall be submitted to the State Department of Finance at the most feasible time after the adoption of this Resolution.

SECTION 3. Execution of Loan Agreement. The City Manager is hereby authorized and directed to take such other and further action consistent with this Resolution and sign any documents, as necessary, in order to implement this Resolution on behalf of the City.

SECTION 4. This Resolution shall take effect upon adoption. The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 3rd day of February, 2014.

Antonio Lopez, Mayor

ATTEST:

Elena G. Chávez, City Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF SAN FERNANDO)

I HEREBY CERTIFY that the foregoing Resolution was approved and adopted at a regular meeting of the City Council held on the 3rd day of February, 2014, by the following vote to wit:

AYES:

Lopez, Ballin, Gonzales, Avila, Fajardo – 5

NOES:

None

ABSENT:

None

ABSTAIN:

None

Elena G. Chávez, City Clerk

2014

CITY OF SAN FERNANDO

-and-

CITY OF SAN FERNANDO AS SUCCESSOR AGENCY TO THE FORMER SAN FERNANDO REDEVELOPMENT AGENCY

SUCCESSOR AGENCY LOAN AGREEMENT NO. 14-15A:1

(NOT TO EXCEED: \$82,058)

THIS SUCCESSOR AGENCY LOAN AGREEMENT NO. 14-15A:1): ROPS-14-15A (the "Loan Agreement") is dated as of February 3, 2014 by and between the City of San Fernando, a municipal corporation (the "City") and the City of San Fernando, as successor agency to the former San Fernando Redevelopment Agency, a public body corporate and politic (the "Successor Agency") and is entered into in light of the following facts:

-RECITALS-

- 1. The City authorized the formation and operation of a redevelopment agency within the territorial jurisdiction of the City pursuant to state law.
- 2. The former San Fernando Redevelopment Agency undertook the redevelopment of certain areas of the City in reliance upon the provisions of state law and the former San Fernando Redevelopment Agency, including, without limitation, Redevelopment Project Area No. 4, as approved by City Council Ordinance No. 1447, dated July 18, 1994 and the former San Fernando Redevelopment Agency entered into certain contracts, expended public funds, incurred indebtedness and assumed certain obligations and liabilities with third parties in reliance upon applicable State and federal law in order to eliminate and prevent the spread of blight and to enhance and preserve the supply of affordable housing within the City of San Fernando.
- 3. The State of California (the "State") has ordered the former San Fernando Redevelopment Agency to be dissolved under the provisions of ABX1 26 (Stats 2011-12, 1st Ex. Sess., Chapter 5), as amended by AB 1484 (Stats 2012, Chapter 26), and collectively the State legislation identified in this sentence is referred to herein as the "State Redevelopment Dissolution Law."
- 4. The City as Successor Agency to the former San Fernando Redevelopment Agency has initiated the implementation of the State Redevelopment Dissolution Law including the repayment of existing obligations, the marshaling of cash assets, non-

cash assets and liabilities and the preparation of land assets for disposition and sale to third parties (including without limitation so-call "Land Held for Resale") of the former San Fernando Redevelopment Agency subject to the payment of enforceable obligations of the former San Fernando Redevelopment Agency under applicable State and federal law, and such implementation of the State Redevelopment Dissolution Law has included, the preparation and submission to the State by the Successor Agency of a recognized obligation payment schedule for the period of July 1, 2014 to December 31, 2015, (San Fernando ROPS-14-15A) as provided under Health and Safety Code Section 34177.

- 5. The Successor Agency has determined that the amount of funds remitted to the Successor Agency from the Redevelopment Property Tax Trust Fund for the former San Fernando Redevelopment Agency, for the period of time corresponding with ROPS-14-15A, together with the cash and other immediately available funds on deposit in the Redevelopment Obligation Retirement Fund of the Successor Agency as of July 1, 2014, after deducting all previous payments of principal and interest on the bonded indebtedness identified in San Fernando ROPS-14-15A for the period of time preceding San Fernando ROPS-14-15A, is not presently estimated to be sufficient to pay the enforceable obligations of the former San Fernando Redevelopment Agency to third parties, corresponding to Redevelopment Project Area No. 4, which are otherwise due and payable during the period of time covered by San Fernando ROPS-14-15A.
- 6. As used herein, the term "San Fernando ROPS-14-15A" means and refers to the draft document entitled "San Fernando ROPS-14-15A", as presented to the governing body of the Successor Agency and the City Council, at the joint public meeting of the Successor Agency and the City Council at which this Loan Agreement has been approved by the Successor Agency and the City. The final form of San Fernando ROPS-14-15A is subject to such changes and edits as may be recommended by the staff of the Successor Agency and approved by the Oversight Board for the former San Fernando Redevelopment Agency as set forth under the State Redevelopment Dissolution Law.
- 7. Health and Safety Code Section 34173(h) provides authorization for the City to loan funds to the Successor Agency to pay for administrative costs, enforceable obligations, or project-related expenses, at the discretion of the City, and that such a loan shall be reflected on the recognized obligation payment schedule of the Successor Agency, which is subject to the approval of the Oversight Board for the Successor Agency.
- 8. The City and the Successor Agency have both determined that it is necessary and appropriate to enter into the Loan Agreement, as herein provided below, in order that the City and the Successor Agency may comply with the State Redevelopment Dissolution Law and fund the enforceable obligation, with respect to Redevelopment Project Area No. 4 as required hereunder.

FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS AND AGREEMENTS HEREINAFTER SET FORTH, THE CITY AND SUCCESSOR AGENCY AGREE AS FOLLOWS:

SECTION 1. Recitals. The City and Successor Agency represent and warrant to each other that the information set forth in the preceding recital paragraphs is true and correct and is hereby incorporated into this Loan Agreement by reference as if fully set forth. The City and the Successor Agency each acknowledge receipt from the staff of the Successor Agency a draft document entitled "ROPS-14-15A." The purpose of this Loan Agreement is to satisfy the provisions of Health and Safety Code Section 34173(h) and to evidence the enforceable obligation of the Successor Agency which arises in favor of the City, in order for the Successor Agency to comply with its obligations under the State Law to (i) use and apply the proceeds of the Retirement Fund of the City of San Fernando Retirement Tax Override as remitted to the Successor Agency by the Los Angeles County Auditor-Controller in a lawful manner and (ii) comply with the State Redevelopment Dissolution Law and other applicable State and federal law.

SECTION 2. Loan. The City hereby agrees to make available from the available funds of the City as a loan to the Successor Agency (herein, the Loan") a sum not-to-exceed \$82,058 to be used by the Successor Agency solely as set forth in Section 3. Subject to the approval of this Loan Agreement by the Oversight Board, the City shall make the proceeds of the Loan available to the Successor Agency upon receipt of a written Loan Draw Request, executed by the Executive Director of the Successor Agency which references Section 3 and Section 4 of this Resolution, in light of the fact that the tax revenues allocated to the Redevelopment Project Area No. 4 expressly excludes any sums derived form the Retirement Fund of the City of San Fernando Retirement Tax Override.

SECTION 3. Use of the Loan. The Successor Agency shall utilize the proceeds of the Loan as follows:

To reimburse the Retirement Fund of the City of San Fernando Retirement Tax Override amount as unlawfully allocated to the Successor Agency by the Los Angeles County Auditor Controller between January 2, 2014 and June 30, 2014 for Redevelopment Property Area No. 4.

SECTION 4. Source of Repayment of the Loan: Limited Subordination.

- (A) Except as provided in paragraph (B), the Loan shall be repaid by the Successor Agency to the City on par with any other enforceable obligation of the Successor Agency falling within Health and Safety Code Section 34183(a)(2)(C) (indebtedness not qualifying as tax allocation bonds and certain revenue bonds).
- (B) The City hereby agrees to defer repayment on the Loan during a six (6) month period covered by one or more recognized obligation payment schedules as may be approved by the Oversight Board any time after the date of approval of this Loan Agreement by the City, to the extent that repayment of the outstanding

principal balance of the Loan, in whole or in part, in that period would leave insufficient funds available to the Successor Agency to satisfy other enforceable obligations covered by Health and Safety Code Section 34183(a)(2)(C) which: (1) are due in that six (6) month period; and (2) were in existence prior to the date of this Loan Agreement.

(C) Unless legally prohibited by law or waived by the City, any portion of the unpaid principal balance of the Loan shall also be repaid by the Successor Agency from other revenues available to the Successor Agency, such as from the cash proceeds of the disposition of land held for resale to third persons, net of the actual and reasonable expenses of such disposition of land held for resale to third persons. Payments of the Loan, if any, under this paragraph (C) shall augment and supplement the required payments described in paragraph (A), subject to the payment deferral and subordination provisions of paragraph (B).

SECTION 5. Placement of Loan Obligation on the Successor Agency's ROPS-14-15A (July 1, 2014 – December 31, 2014). Provided that this Loan Agreement is approved, the Successor Agency shall prepare and approve ROPS-14-15A which includes the Loan Agreement as a listed enforceable obligation on the ROPS-14-15A. The amount of that listed obligation shall be the not-to-exceed Loan Amount as set forth in Section 2. This Loan Agreement shall be included on each successive recognized obligation payment schedule for the Successor Agency for the former San Fernando Redevelopment Agency, until the City is repaid the principal balance of the Loan Amount as actually drawn by the Successor Agency as evidenced by the written Loan Draw Requests as set forth in Section 2. The City Manager of the City shall establish a loan repayment ledger for the Loan and shall cause the outstanding unpaid principal balance of the Loan to the Successor Agency, as hereby approved, to be identified in the accounting records of the City, as a financial asset of the City which is payable to the City by the Successor Agency, in accordance with the terms set forth herein.

SECTION 6. Term. This Loan Agreement shall be in full force and effect from the date hereof until such time as the unpaid principal balance of the Loan has been repaid in full to the City.

SECTION 7. Entire Agreement. This Loan Agreement constitutes the entire agreement by and between the City and the Successor Agency with respect to the subject matter of this Loan Agreement, and may be amended only in writing.

SECTION 8. Notice of Default and Remedies. In the event of a default, the party who alleges a default shall give the other party thirty (30) days written notice of such default, with a copy of such notice of default to the Oversight Board and to the State Department of Finance. In the event that the party who is alleged to be in default does not promptly initiate a cure of the alleged default, and the applicable party hereto shall be entitled to pursue any and all remedies available under California law for purposes of enforcing the terms and conditions of this Loan Agreement.

APPROVED AND EXECUTED by signature of the authorized representatives of the City and the Successor Agency as of February 3, 2014.

[City of San Fernando and Successor Agency Loan Agreement No. 14-15A:1): Not-to-Exceed \$82,058 (ROPS-14-15A: July 1, 2014 – December 31, 2014]

	CITY:
	City of San Fernando, a municipal corporation
	By: Interim City Manager
ATTEST:	
By:	
APPROVED AS TO FORM:	
By:City Attorney	SUCCESSOR AGENCY:
	City of San Fernando As Successor Agency to the former San Fernando Redevelopment Agency, a public body corporate and politic
	By: Interim City Manager
ATTEST:	
By:	
APPROVED AS TO FORM:	
By:City Attorney	